

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

| | | |
|----------------------------|---|-----------------|
| DELTA NATURAL GAS COMPANY, |) | |
| INC., APPLICATION FOR |) | |
| ADJUSTMENT OF RATES UNDER |) | CASE NO. 8256-E |
| PURCHASED GAS ADJUSTMENT |) | |
| CLAUSE |) | |

O R D E R

On December 1, 1981, this Commission issued its order in Case No. 8256, approving certain adjustments in the rates of Delta Natural Gas Company, Inc., ("Delta") and providing under certain conditions for the further adjustment of rates when the wholesale cost of gas is increased, decreased or refunds are received.

On April 8, 1982, Delta notified the Commission that it had received from three of its suppliers wholesale gas cost increases. Delta has proposed to place the increases into effect on and after May 1, 1982.

On April 14, 1982, Delta filed an amendment to its notice of April 8, 1982. This amended notice included an increase from Tennessee Gas Pipeline Company ("Tennessee") to be effective May 1, 1982, as reflected on Tennessee's Fourth Revised Tariff Sheet No. 21.

On April 27, 1982, Delta notified the Commission that Tennessee has withdrawn Fourth Revised Tariff Sheet No. 21.

Delta requested permission to withdraw the amended filing of April 14, 1981, and ask the Commission to consider only the filing of April 8, 1982.

Delta's notice of April 8, 1982, set out certain information in compliance with its purchased gas adjustment clause on file with this Commission.

On April 5, 1982, Delta received from one of its suppliers, Graham-Michaelis Corporation ("Michaelis"), a letter of agreement pursuant to the annual price renegotiation. This increase will amount to 25 cents per Mcf.

On April 1, 1982, Delta shall experience an increase in the cost of gas purchased from Weaver Oil & Gas Corporation ("Weaver") in Bell County, Kentucky, in accordance with the escalator clause in the contract of August 16, 1978, a copy of which is on file with the Commission. This increase in cost will amount to one cent per Mcf.

Delta's subsidiary, Laurel Valley Pipe Line Co. ("Laurel Valley"), shall experience effective April 1, 1982, an increase in the wholesale cost of gas it purchases locally from the Weaver-Hamilton partnership under the contract dated May 20, 1980. The price of gas purchased under this agreement is subject to Section 102 of the Natural Gas Policy Act of 1978. Laurel Valley resells and delivers a portion of the gas to Delta at Laurel Valley's wholesale cost.

Delta's notice set out certain revisions in rates which Delta proposed to place into effect, said rates being

designed to pass on the wholesale price of its suppliers in the amount of \$103,355 or \$0.0177 per Mcf.

After reviewing this evidence of record and being advised, the Commission is of the opinion and finds that:

1. Delta received from one of its suppliers, Michaelis, a letter agreement pursuant to the annual price renegotiation. This increase amounts to 25 cents per Mcf.

2. Effective April 1, 1982, Delta shall experience an increase in the cost of gas purchased from Weaver in accordance with the escalator clause in the contract of August 16, 1978.

3. Delta's subsidiary, Laurel Valley, shall experience an increase in the wholesale cost of gas it purchases locally from the Weaver-Hamilton partnership under the contract dated May 20, 1980.

4. Delta's adjustment in rates under the purchased gas adjustment clause approved by the Commission in its order in Case No. 8256 dated December 1, 1981, is fair, just and reasonable, in the public interest and should be effective with gas supplied on and after May 1, 1982.

IT IS THEREFORE ORDERED that the purchased gas adjustment contained in Appendix A of this order be and hereby is approved, effective on and after May 1, 1982.

IT IS FURTHER ORDERED that Delta shall maintain its records in a manner that will enable it or the Commission or any of its customers to determine the amount to be refunded

and to whom due in the event a refund is ordered by the Commission.

IT IS FURTHER ORDERED that within 30 days after the date of this order, Delta shall file with this Commission its revised tariff sheets setting out the rates approved herein.

IT IS FURTHER ORDERED that the information furnished this Commission by Delta on April 8, 1982, constitutes full compliance with the Commission's requirements and order in Case No. 8256, and any other information ordinarily required to be filed under the Commission's regulations is hereby waived.

Done at Frankfort, Kentucky, this 7th day of May, 1982.

PUBLIC SERVICE COMMISSION


For the Commission

ATTEST:

Secretary

APPENDIX A

APPENDIX TO AN ORDER OF THE PUBLIC SERVICE COMMISSION IN CASE NO. 8256-E DATED MAY 7, 1982

The following rates and charges are prescribed for the customers in the areas served by Delta Natural Gas Company, Inc. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of the Commission prior to the date of this order.

RATE SCHEDULE G-GENERAL SERVICE

APPLICABILITY:

Applicable within all service areas served by Delta namely: Owingsville, Sharpsburg, Salt Lick, Midland, Bath County, Camargo, Jeffersonville, Montgomery County, Frenchburg, Menifee County, Kingston-Terrill, Berea, Madison County, Stanton, Clay City, Powell County, Garrard County, Nicholasville, Wilmore, Jessamine County, Clearfield, Farmers, Rowan County, Middlesboro, Pineville, Bell County, Barbourville, Knox County, Corbin, Williamsburg, Whitley County, London, Laurel County, Oneida, Manchester, Clay County, Leslie County, and environs of each.

AVAILABILITY:

Available for general use by residential, commercial, and industrial customers.

CHARACTER OF SERVICE:

Firm-with the reasonable limits of the company's capability to provide such service.

RATES:

GENERAL SERVICE -

| | |
|-------------------------|---------------------------------|
| Monthly Customer Charge | \$2.75 per delivery point/month |
| 1 - 5,000 Mcf | \$4.7827 per Mcf |
| 5,001 - 10,000 Mcf | 4.5327 per Mcf |
| Over 10,000 Mcf | 4.2827 per Mcf |

INTERRUPTIBLE:

| | |
|--------------------|------------------|
| 1 - 5,000 Mcf | \$4.5327 per Mcf |
| 5,001 - 10,000 Mcf | 4.2827 per Mcf |
| Over 10,000 Mcf | 4.0327 per Mcf |

PURCHASED GAS ADJUSTMENT:

Delta Natural Gas Company, Inc.

Applicable to all rate schedules

The base rate for purchased gas for the future application of this Purchased Gas Adjustment Clause is:

| <u>Supplier</u> | <u>Rate/Mcf or Dth</u> |
|-----------------|------------------------|
|-----------------|------------------------|

Columbia Gas Transmission Corp.

Rate Schedule CDS

| | |
|-----------------|---------|
| Demand (Dth) | \$ 3.08 |
| Commodity (Dth) | 3.6077 |

| | |
|--------------------------|-----------|
| Rate Schedule SGS (Dth) | \$ 3.8102 |
| Columbia LNG Corporation | 5.4553* |

*Includes Transportation Charge of \$0.3503

| | |
|--------------------------------|-----------|
| Tennessee Gas Pipeline Company | |
| Gas rate (Dth) | \$ 2.7145 |
| Commodity | 0.6673 |

| | |
|------------------------------|---------|
| Graham-Michaelis Corporation | \$ 2.00 |
|------------------------------|---------|

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|-------------------|---------|
| Flat Lick | \$ 0.35 |
| Evans | 0.94 |
| Wiehoff | 1.39 |
| Hall-Martin | 0.40 |
| Goff | 0.40 |
| Weaver | 1.84 |
| Martin Energy Co. | 1.75 |
| Laurel Valley | 3.2096 |
| Wiser Oil Company | 2.6355 |

| | |
|--------------|---------|
| Al J. Keyser | \$ 1.50 |
| LP Energy | 2.00 |
| Storage | 0.8479 |